



STATE OF UTAH
NATURAL RESOURCES
Oil, Gas & Mining

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355 W. North Temple • 3 Triad Center • Suite 350 • Salt Lake City, UT 84180-1203 • 801-538-5340

December 1, 1987

Mr. William Moeller
American Consolidated Mining Company
405 South, 100 East
Pleasant Grove, Utah 80462

Dear Mr. Moeller:

Re: Permitting Requirements, American Consolidated Mining Operations
in the Vicinity of Gold Hill, M/045/019, Tooele County, Utah

Thank you for your cooperation during our meeting of November 20, 1987. As I indicated at that time, this letter will serve to summarize the Division's current regulations, as well as our position on specific permitting issues concerning your operations.

Several important changes to the Utah Mined Land Reclamation Act have been implemented during the 1985 and 1986 legislative sessions. Perhaps the most important of these changes from American Consolidated's viewpoint is the repeal of the Declaration of Exemption status found in the original version of the Act. Previously, those operation which disturbed less than 2 acres of land or moved less than 500 hundred tons of material in a period of twelve consecutive months were also exempted from the mining regulations.

Currently, mining operations within the state are split into two categories: those disturbing 5 or less surface acres at any given time (small mines), and those which disturb more than five acres (large mines).

The filing requirement for small mines is a simple "Notice of Intention to Commence Small Mining Operations" (Form MR-LMO). The form requests standard items such as name, address and phone number of the operator; name and location of the mine; mineral and surface owners; a brief description of the operation; and a suitable location map. Approval of a notice of intention is not required prior to the commencement of mining operations. Additionally, a reclamation bond is not required for small mining operations, although the operator must sign an agreement to mine and reclaim in accordance with the Act and accompanying rules and regulations.

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The permitting of a large mining operation within the state requires submission of a detailed Notice of Intention to Commence Large Mining Operations (Form MR-LMO), essentially a full-blown mining and reclamation plan. Approval is required prior to commencing operations and a reclamation surety must be provided to the Division.

Yellow Hammer Mine, M/045/019

As the Division has indicated in past correspondence, American Consolidated continues to be in direct violation of the Mined Land Reclamation Act of 1975. In order to achieve compliance with the Act, an approved Notice of Intention to Commence Large Mining Operations must be obtained from the Division at the earliest date possible.

During our discussion, you indicated that the current plans for this site have changed from open pit to underground methods and that you anticipated constructing a headframe and associated facilities in the near future. An approved Notice of Intention must be obtained prior to commencement of such activities.

Regardless of future plans at the Yellow Hammer site, the notice must include a description and map of the area already disturbed by open pit mining at the site, along with a plan of operations for the reclamation of those areas. In this regard, I recommend that you identify those areas where mining ceased prior to July 1, 1977. Such lands are grandfathered by the Act and American Consolidated will not be held responsible for their reclamation.

Please be advised that failure to submit a complete Notice of Intention to Commence Large Mining Operations (Form MR-LMO) by January 30, 1988, will result in an order to show cause before the Board of Oil, Gas and Mining to answer why all operations should not be required to cease and undergo reclamation of disturbed areas. If you are unable to meet this deadline for some reason, written justification must be provided to the Division before the above referenced date.

Rocking Chair Claims and Smelter Tunnel Mine

Please submit a completed Notice of Intention to Commence Small Mining Operations for the above referenced sites, as well as any other areas where small mining operations are being conducted by your company, before December 31, 1987.

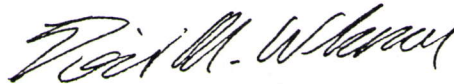
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Clifton Heap Leach

When this site was active, it qualified as exempt from the Act. Therefore, as long as the site remains inactive, the Division has no further requirements.

The Division is anxious to assist you in resolving these permitting issues. Should you have any questions or concerns, please call me at 538-5340.

Sincerely,

A handwritten signature in dark ink, appearing to read "David M. Wham". The signature is fluid and cursive, with the first name "David" being more prominent.

David M. Wham
Reclamation Hydrologist

dw
cc: L. Braxton
F. Filas
0851R-102